




MAPLE LEAF GARDENS, LIMITED

ANNUAL REPORT

31st AUGUST 1970.



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MAPLE LEAF GARDENS, LIMITED

**THIRTY-NINTH
ANNUAL REPORT**

For the year ended
31st August, 1970



MAPLE LEAF GARDENS, LIMITED

DIRECTORS

Senator J. B. Aird, Q.C.	R. J. Amell	H. E. Ballard
John Bassett	Henry Borden, Q.C.	W. M. Hatch
C. F. W. Burns	G. R. Gardiner	I. S. Johnston, Q.C.
Sydney Hermant	T. D. Jeffries	George E. Mara
R. A. Laidlaw	W. A. H. MacBrien	C. Stafford Smythe
A. Bruce Matthews	Paul McNamara	James Stewart
	W. O. Twaits	

OFFICERS

Maple Leaf Gardens, Limited

John Bassett, Chairman of the Board
George E. Mara, President
I. S. Johnston, Q.C., Secretary
R. E. Giroux, Comptroller
J. T. Carey, Treasurer
R. J. Cromwell, Assistant Treasurer

Maple Leaf Hockey Club

C. Stafford Smythe, President
H. E. Ballard, Executive Vice-President
F. M. Clancy, Vice-President
J. M. Gregory, General Manager
D. J. McLellan, Coach

REGISTRARS AND TRANSFER AGENTS

Canada Permanent Trust Company

OFFICES

60 Carlton Street
Toronto 200, Ontario



MAPLE LEAF GARDENS, LIMITED

DIRECTORS' ANNUAL REPORT for the fiscal year ended August 31st, 1970.

To The Shareholders:

The 1970 fiscal year was another successful year of operations for Maple Leaf Gardens.

OPERATING RESULTS

Revenue from operations totalled \$6,692,770 in 1970 compared to \$6,424,193 in 1969. Earnings before extraordinary items for the fiscal period ended August 31, 1970 were \$913,360 or \$1.24 per share, compared with \$911,770 or \$1.24 per share in 1969. Net earnings for the 1970 year were \$1,865,360 or \$2.54 per share as compared with \$987,795 or \$1.34 for the previous year.

The extraordinary item in 1970 of \$952,000 represents the sale of National Hockey League franchise rights to Buffalo and Vancouver, less \$48,000 of income taxes. Each franchise was sold for six million dollars, of which the company's share was \$500,000 for each. The amount received in cash was \$291,666 with the balance in the form of notes due in equal annual instalments of \$141,667. Note 3 to the financial statements further explains the income taxes relating to the sale of franchise rights in 1967 and 1970.

The increase in gross revenue reflects the increased use of Maple Leaf Gardens for attractions other than hockey with related higher revenue from concessions, programmes, etc., offset by a decrease in revenue from professional hockey as the Maple Leaf Hockey Team did not reach the Stanley Cup play-offs in 1970.

DIRECTORS

On the 26th day of November, 1970 the Directors passed a special resolution subject to the approval of shareholders, providing for the reduction in the number of the present Board of Directors from twenty to nine. It was decided that a reduction in the present number of the Board of Directors was in the best interest of the company.

HOCKEY

The Maple Leaf Hockey Team continued to play to capacity crowds throughout the 1969-70 season. The attendance at Junior "A" hockey games is gradually increasing. With the advent of the National Hockey League draft of over-age juniors the operators of Junior "A" hockey teams have added a new source of revenue, being the draft proceeds paid for each junior player drafted by a National Hockey League team.

ARENA OPERATIONS

The attendance at wrestling events has been growing with each event during the last year. New family entertainment shows for arenas have increased revenue and attendance substantially. The costs of operating the arena have risen slightly, but these costs are more than offset by the increased revenue. New red seats have been installed along with new main entrance doors in the company's continuing effort to maintain Maple Leaf Gardens as the showplace of hockey in the world.

A new television contract is being negotiated with the television advertisers which will increase revenues in the future. The number of miscellaneous attractions in the arena is still increasing. Revenue from hockey in 1971 should be at least equal to the 1970 figure. In general, the outlook for the coming year is excellent.

We regret to report the death in April of Mr. Henry Bolton, an officer and employee of Maple Leaf Gardens since its inception. Mr. Bolton always took a keen interest in the affairs of the company and will be greatly missed.

The Directors wish to take this opportunity to thank the officers and employees of the company for their services during the past year.

On behalf of the Directors:
GEORGE E. MARA
President.

Toronto, November 27, 1970.



MAPLE LEAF GA

(Incorporated under
and its Subsidiaries)

CONSOLIDATED

AUGUST

(with comparative figures for 1969)

	<u>1970</u>	<u>1969</u>
<u>ASSETS</u>		
CURRENT:		
Cash, including interest bearing deposits	\$1,130,239	\$1,198,355
Investment in short-term securities, at cost which approximates market	196,261	500,000
Accounts receivable	258,007	107,587
Current portion of notes receivable	141,667	
Prepaid expenses	74,678	24,183
Total current assets	<u>1,800,852</u>	<u>1,830,125</u>
OTHER:		
Special refundable corporation tax		17,756
Notes receivable—due in equal annual instalments to 1975 less current portion of \$141,667 (Note 4)	566,666	
Investment in secured notes of a company in receivership, less provision for estimated loss	90,000	90,000
Total other assets	<u>656,666</u>	<u>107,756</u>
FIXED:		
Buildings and equipment, at cost	4,034,449	4,423,213
Less accumulated depreciation	2,119,855	2,181,011
	<u>1,914,594</u>	<u>2,242,202</u>
Land, at cost	1,187,385	1,187,385
Total fixed assets	<u>3,101,979</u>	<u>3,429,587</u>
FRANCHISES AND CONTRACTS	100,001	100,001
	<u>\$5,659,498</u>	<u>\$5,467,469</u>

(See accompanying notes)

AUDITOR

To the Shareholders of
Maple Leaf Gardens, Limited:

We have examined the consolidated balance sheet of Maple Leaf Gardens, Limited, as at August 31, 1970, and the consolidated statement of earnings, retained earnings and source and application of funds for the year then ended, and such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion these consolidated financial statements present fairly the financial position of the company as at August 31, 1970, and the source and application of their funds for the year then ended, in accordance with that of the preceding year.

The figures for 1969, included for comparative purposes, are based on the financial statements for that year.

Toronto, Canada,
November 27, 1970.

DENS, LIMITED

Laws of Ontario)
y Company

BALANCE SHEET

, 1970

ures for 1969)

LIABILITIES

1970

1969

CURRENT:

Accounts payable and accrued liabilities	\$ 250,912	\$ 299,197
Income and other taxes payable (notes 1 and 3)	226,684	857,302
Advance ticket sales	1,803,041	1,827,360
Total current liabilities	<u>2,280,637</u>	<u>2,983,859</u>

MORTGAGES PAYABLE

50,634

SHAREHOLDERS' EQUITY:

Capital stock —

Authorized:

1,000,000 shares without nominal or par value

Issued:

735,580 shares

Retained earnings

Total shareholders' equity

36,779	36,779
3,342,082	2,396,197
<u>3,378,861</u>	<u>2,432,976</u>

On behalf of the Board:

JOHN BASSETT Director

GEORGE E. MARA Director

\$5,659,498 \$5,467,469

ing notes)

REPORT

ed and its subsidiary as at August 31, 1970 and the consolidated statements of
ed. Our examination included a general review of the accounting procedures
ecessary in the circumstances.

osition of the companies as at August 31, 1970 and the results of their opera-
ance with generally accepted accounting principles applied on a basis consistent

statements of that year, which were reported on by other chartered accountants.

CLARKSON, GORDON & CO.,

Chartered Accountants.

MAPLE LEAF GARDENS, LIMITED

and its Subsidiary Company

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS FOR THE YEAR AUGUST 31, 1970

(with comparative figures for 1969)

	<u>EARNINGS</u>	<u>1970</u>	<u>1969</u>
Revenue from operations		\$6,692,770	\$6,424,193
Investment income		103,984	54,212
		<u>6,796,754</u>	<u>6,478,405</u>
Operating expenses (note 5)		4,823,394	4,501,635
		<u>1,973,360</u>	<u>1,976,770</u>
Earnings before income taxes and extraordinary items			
Income taxes		1,060,000	1,065,000
		<u>913,360</u>	<u>911,770</u>
Earnings before extraordinary items (note 6)			
Extraordinary items:			
Sale of National Hockey League franchise rights less income taxes of \$48,000 (note 3)		952,000	
Gain on sale of property			76,025
Net earnings (note 6)		<u>\$1,865,360</u>	<u>\$ 987,795</u>

	<u>RETAINED EARNINGS</u>		
Balance at beginning of year, as previously reported		\$2,756,197	\$2,503,982
Adjustment for income taxes re 1967 sale of National Hockey League franchise rights (note 3)		360,000	360,000
		<u>2,396,197</u>	<u>2,143,982</u>
Balance at beginning of year, as restated			
Net earnings		1,865,360	987,795
		<u>4,261,557</u>	<u>3,131,777</u>
Dividends		919,475	735,580
Balance at end of year		<u>\$3,342,082</u>	<u>\$2,396,197</u>

(See accompanying notes)



MAPLE LEAF GARDENS, LIMITED

and its Subsidiary Company

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED AUGUST 31, 1970

(with comparative figures for 1969)

	<u>1970</u>	<u>1969</u>
<i>Source of funds:</i>		
From operations —		
Net earnings	\$1,865,360	\$ 987,795
Depreciation	177,471	199,405
Portion of sale of National Hockey League franchise rights not currently due	(566,666)	
	<u>1,476,165</u>	<u>1,187,200</u>
 Sale of fixed assets, less purchases	 150,137	
Receipt of special refundable corporation tax	17,756	23,771
Deposit recovered		5,363
Mortgage principal assumed		19,991
	<u>1,644,058</u>	<u>1,236,325</u>
 <i>Application of funds:</i>		
Dividends	919,475	735,580
Purchase of fixed assets, less sales		383,533
Payment of prior years' income taxes		360,000
Reduction in mortgage principal	50,634	
	<u>970,109</u>	<u>1,479,113</u>
 <i>Increase (decrease) in working capital</i>	 <u><u>\$ 673,949</u></u>	 <u><u>\$ (242,788)</u></u>

(See accompanying notes)



MAPLE LEAF GARDENS, LIMITED

and its Subsidiary Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 1970

1. The Department of National Revenue is making a special review of the company's income tax returns for the years 1965 to 1968, and in this connection has in its possession certain of the company's records. The company has made provision for all income tax adjustments known at this time.
2. In the event that current legal proceedings against two directors and former officers indicate that monies are owing to the company, it is the intention of the present directors to claim reimbursement of such amounts. Subsequent to the end of the year the company received from the two directors monies which it is holding on deposit in excess of such claims.
3. The company has not reached an agreement with the Department of National Revenue as to whether any portion of the \$2,160,000 received from the sale of National Hockey League franchise rights during the year ended August 31, 1967 is taxable. The company has made provision of \$360,000 to cover the estimated tax liability in this regard.

An additional amount of \$48,000 has been provided to cover the estimated tax liability which may arise from the sale of National Hockey League franchise rights during the current year.
4. The notes receivable bear interest payable annually at the prime bank rate at the time of payment.
5. Depreciation for the year ended August 31, 1970 amounted to \$177,471 (1969—\$199,405). Remuneration of directors and senior officers amounted to \$262,421 (1969—\$228,023).
6. Earnings per common share before extraordinary items were \$1.24 (1969—\$1.24). Net earnings per common share were \$2.54 (1969—\$1.34).



MAPLE LEAF GARDENS, LIMITED

INFORMATION CIRCULAR

As at November 27, 1970

This Information Circular accompanies notice of the Annual and a Special General Meeting of Shareholders called for Thursday, December 17, 1970, and is furnished in connection with a solicitation of proxies by the management of the Company for use at that meeting or any and all adjournments thereof.

PERSONS MAKING THE SOLICITATION AND THE METHOD THEREOF

Proxies for this meeting are being solicited by the management of the Company and the cost of solicitation will be borne by the Company. The management does not contemplate a solicitation of proxies otherwise than through use of the mails.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company has 735,580 shares of its capital stock issued and outstanding each of which is entitled to one vote and they are the only equity shares of the Company entitled to vote at the meeting. Each shareholder in whose name a share is registered on the date of the meeting is entitled to vote the same either in person or by proxy.

On November 27, 1970, Harold E. Ballard Limited was the beneficial owner of 150,525 shares, The Telegram Publishing Company Limited was the beneficial owner of 145,000 shares and CDDS. Tan Investments Limited was the beneficial owner of 148,500 shares being 20.5%, 19.7% and 20.1% respectively of the outstanding shares of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

It is proposed to place before the shareholders of the company for their confirmation a Special Resolution enacted by the Directors on the 26th day of November, 1970, providing for a reduction in the number of Directors from twenty to nine so that hereafter the Board of Directors will be composed of nine Directors. The Special Resolution is required to be confirmed by at least two-thirds of the votes cast at the meeting of Shareholders.

ELECTION OF DIRECTORS

The Board of Directors presently consists of twenty Directors all of whom are elected annually. In the event that the Special Resolution relating to the reduction in the size of the Board of Directors to nine in number is confirmed by at least two-thirds of the votes cast at the meeting, the Board of Directors will thereafter be composed of nine Directors. It is proposed that the persons whose names are set out below will be nominated at the meeting. The management does not contemplate that any of the said nominees will be unable to serve as Directors. Proxies given pursuant to this solicitation will be voted for their election unless otherwise directed. If for some reason any of the proposed nominees are unable to serve, the persons named in the proxy will use their best judgment in voting on alternative nominees.



MAPLE LEAF GARDENS, LIMITED

INFORMATION CONCERNING NOMINEES AS DIRECTORS

Name and Principal Occupation last five years and other positions presently held in Company	Director continuously since	Approximate number shares beneficially owned directly or indirectly by nominee
HAROLD E. BALLARD Executive Vice-President, Toronto Maple Leaf Hockey Club and member Executive Committee, Maple Leaf Gardens, Limited President, Harold E. Ballard Limited (Textile Machinery)	1960	1030(1)
A. CAMPBELL BURGESS Partner, Fleming, Smoke, Burgess & Phillips (Barristers and Solicitors)	—	10,000
DONALD P. GIFFIN President, Giffin Sheet Metals Limited (Manufacturer - Sheet Metal Products)	—	250
DR. J. L. HALL (Medical Doctor)	—	10,500
TERENCE D. JEFFRIES President, Viceroy Manufacturing Company Limited (Manufacturers - Rubber Products)	1962	20(2)
PAUL MCNAMARA President, Northgate Hotel Limited (Ports of Call Restaurant)	1961	1,800
DOUGLAS H. ROXBOROUGH Vice-President, The Alleson Industries Limited (Investment Company)	—	3,650
C. STAFFORD SMYTHE President, Toronto Maple Leaf Hockey Club and Member Executive Committee Maple Leaf Gardens, Limited	1956	4,935(2)
DR. HUGH A. SMYTHE (Medical Doctor)	—	500

(1) Mr. Harold E. Ballard is associated with Harold E. Ballard Limited which beneficially owns 150,525 shares of the company.

(2) Mr. C. Stafford Smythe and Terence D. Jeffries are associated with CDDS. Tan Investments Limited which beneficially owns 148,500 shares of the Company.



MAPLE LEAF GARDENS, LIMITED

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company and its subsidiary to its directors and senior officers during the Company's financial year ended August 31, 1970, was \$262,421.

The aggregate cost to the Company and its subsidiary for the year ended August 31, 1970 of all pension benefits proposed to be paid under the normal pension plan in the event of retirement at normal retirement age to senior officers and employees amounted to \$6,496. (No director is presently a member of the Pension Plan.)

APPOINTMENT OF AUDITORS

Proxies given pursuant to this solicitation will be voted for the election of Messrs. Thorne, Gunn, Helliwell & Christenson as auditors at a remuneration to be fixed by the Board of Directors unless otherwise directed.

VOTING OF PROXIES

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND VOTE FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSON DESIGNATED IN THE ENCLOSED FORM OF PROXY. TO EXERCISE THIS RIGHT THE SHAREHOLDER MAY INSERT THE NAME OF THE DESIRED PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY, AND STRIKE OUT THE OTHER NAMES OR MAY SUBMIT ANOTHER APPROPRIATE PROXY.

The shares represented by the proxy will be voted.

The form of proxy confers discretionary authority with respect to amendments or variations to matters (identified in the notice of meeting and any other matters) which may properly come before the meeting.

It is not intended to use the proxy for the purpose of voting upon the Company's financial statement for the fiscal year ended August 31, 1970 and the reports of the directors and auditors thereon.

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before its exercise by instrument in writing deposited with the Secretary of the Company.

BY ORDER OF THE BOARD,

DATED: AS OF NOVEMBER 27, 1970
TORONTO, ONTARIO.

GEORGE E. MARA
President





HOME OF THE TORONTO MAPLE LEAF HOCKEY CLUB